



Policy Memo

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| KDHE-DHCF POLICY NO: 2012-09-01 | From: Russell Nittler Senior Manager – Medicaid Eligibility |
| Date: September 14, 2012 | KEESM Reference: 8111.1 |
| RE: Inpatient Hospital Coverage for Inmates of State Correctional Institutions | Program(s): All Medicaid Programs |

The purpose of this memo is to provide eligibility staff guidance concerning a policy change allowing medical coverage of inpatient hospital services provided to an inmate of a state correctional facility. This change is effective July 1, 2012.

This change will be incorporated in the Kansas Economic and Employment Services Manual (KEESM) during the next revision scheduled for October 1, 2012.

A. Background – Under current Kansas Medicaid policy, any inmate of a correctional facility is ineligible for medical assistance. Inmates receiving inpatient hospital services outside of the correctional facility are still considered inmates for eligibility purposes. These inpatient medical services for inmates are paid for with state general funds only – no federal dollars are involved.

The Centers for Medicare and Medicaid Services (CMS) in recent years have encouraged states to take advantage of a provision which allows inmates receiving inpatient hospital services to qualify for Medicaid assistance specifically for those services. As a budgetary move, this will allow the state to draw down federal dollars to pay for a portion of these services based on the federal match rate and therefore reduce the state’s overall financial obligation.

B. Application of Policy – The following processes and procedures apply to implementation of this policy.

1. Centralized Unit – All inmate applications requesting medical coverage of inpatient hospital services shall originate from the KDOC central office in Topeka and will be processed in a central unit at the Clearinghouse by KDHE-DHCF state staff. Any applications inadvertently filed with Kansas Department for Children and Families (DCF) shall be immediately forwarded to the Clearinghouse for processing.

Rm. 900-N, Landon Building, 900 SW Jackson Street, Topeka, KS 66612-1220

www.kdheks.gov/hcf/

Medicaid and HealthWave:
Phone: 785-296-3981
Fax: 785-296-4813

State Employee Health
Benefits and Plan Purchasing:
Phone: 785-368-6361
Fax: 785-368-7180

State Self Insurance Fund:
Phone: 785-296-2364
Fax: 785-296-6995

2. Eligibility Criteria – An inmate otherwise qualifying for medical assistance to cover inpatient hospital services must still meet all non-financial and financial eligibility criteria for the appropriate medical program. The additional following provisions apply:

a. Inmate Defined – An inmate for purposes of this policy shall be defined as an individual serving time for a criminal offense or confined involuntarily in a state correctional facility managed by either the Kansas Department of Corrections (KDOC) or the Kansas Juvenile Justice Authority (JJA). The correctional facilities affected by this policy are listed in section C. below.

Inmates in other correctional facilities within the state, such as county or city jails, are not eligible for medical assistance under this policy.

b. Qualifying Event – A qualifying event is an inpatient hospital stay provided to an inmate seeking Medicaid coverage for those services. Only the qualifying event is covered under this policy. There is no eligibility for outpatient care provided outside of the correctional facility or for medical services provided to the inmate on the premises of the correctional facility.

c. Application Requirement – A formal application is required for all inmates requesting coverage under this policy. Applications may be mailed, fax’ed or scanned as an email attachment to the Clearinghouse processing unit at:

Mailing Address: C/O DHCF Inmate Project
PO Box 3599
Topeka, KS 66601-9738

Fax Number: (785) 338-5266
Attention: DHCF Inmate Project

E-mail Address: DHCF_Inmate_Project@kdheks.gov

i. Who May File – Absent unusual circumstances, an adult inmate is expected to file the application in his/her own behalf. Designated correctional facility personnel shall apply on behalf of a minor inmate. Facility personnel may also apply for an adult inmate who is unable to act in his/her own behalf.

To facilitate the application process and ensure the correctional facility has access to information necessary to complete the application and medical billing process, designated correctional staff shall be listed as a facilitator on all inmate applications.

ii. Initial Application – An inmate initially filing for coverage shall submit either the **ES-3100.1** (Application for Benefits for the Elderly and Persons with Disabilities) or the **HealthWave** (Children and Pregnant Women) application. For tracking and processing purposes, all applications shall be stamped “INMATE APPLICATION” on the cover page by correctional facility personnel prior to submission to the Clearinghouse.

In addition, the new **ES-3100.1a** (Qualifying Event) form shall also be submitted with the regular application. This form will capture data specific to the qualifying event – hospital, date of

admission and discharge, services received, etc.

iii. Additional Events – An inmate who has an additional qualifying event within an established 12 month eligibility period [see subsection (3)(b) below] need not file a new application if there has been no substantial change in financial circumstances. The **ES-3100.1a** (Qualifying Event) form mentioned above may be submitted in lieu of a new application. Coverage approval for this event does not establish a new 12 month eligibility period. Completion of a new application is required if the event occurs outside of the 12 month eligibility period.

1. Application Denial – A denial does not establish an eligibility period under this provision. However, a new approval based on the subsequent filing of a new **ES-3100.1** application within an established eligibility period shall establish a new 12 month eligibility period commencing with the month of the new coverage approval.

2. Same Month – An additional qualifying event within the same month that coverage under this provision has already been approved will automatically be covered since eligibility already exists. However, the **ES-3100.1a** (Qualifying Event) form should still be completed and sent to the agency for tracking purposes. Eligibility staff need take no additional case action other than to send a new approval notice for this event.

iv. Timing of Application – The application or qualifying event form shall be filed with the agency only after the inmate has been treated and released from the hospital. An application received by KDHE-DHCF before the inmate has been released shall be held until the date of discharge has been verified. In no event shall an application be processed or approved until the inmate has been discharged from the hospital.

In addition, the application must be received by the last day of the third month following the month the event began. The agency cannot determine eligibility outside of that time frame. To ensure that no period of hospitalization falls outside of this prior eligibility period, in rare instances, it may be necessary to accept and process an application before the inmate has actually been discharged from the hospital.

Example: The inmate enters the hospital on 10-8-2012 for an inpatient event and lapses into a coma. The inmate remains in the hospital through the end of the year. To ensure that coverage back to 10-2012 is not lost, the application may be filed and processed before the inmate has been released from the hospital.

3. Processing – The following special processing provisions apply to inmate applications covered under this policy.

a. Inpatient Hospital Services – Coverage under this policy is limited to inpatient hospital services only. Any other medical services received by the inmate outside of the correctional facility are not covered. A request for coverage of services other than inpatient hospital shall be denied.

b. Budgeting – Since these individuals are incarcerated in a non-Medicaid approved correctional facility, eligibility shall be determined using independent living budgeting methodologies. The following budgeting provisions apply.

- i. Children** – Eligibility for a child or young adult under the age of 19 shall be determined under the poverty level or medically needy (MA) program. Only the income (if any) of the child or young adult shall be used in this determination.
- ii. Adults** – Eligibility for an adult over the age of 18 shall be determined under the Medically Needy (MN) program. Only the income and resources (if any) of the adult shall be used in this determination. See also (e)(iii) below.
- iii. Pregnant Women** – Eligibility for a pregnant woman shall be determined under either the poverty level or medically needy (MA) program. Only the income of the pregnant woman shall be used in this determination.

Note: Neither the income nor resources of the parents(s) or spouse of an inmate shall be included in the eligibility determination. For budgeting purposes, each inmate shall be treated as a household of one in independent living.

- c. Coverage Period** – Since only the qualifying event is covered, the case shall only be approved for the month(s) of the event. However, once approved, a 12 month eligibility period shall be established beginning with the month of approval. The case will not be open during the eligibility period, but should a new qualifying event occur within the 12 month eligibility period, a new application will not be required in order to process the request for assistance. The inmate would instead file the **ES-3100.1a** as indicated in subsection (2)(c)(ii) above.

Example 1: An **ES-3100.1** application is received on 9-10-2012 for an inpatient event which occurred 9-3-2012 through 9-5-2012. The application is approved for the month of 9-2012 only with a 12 month eligibility period of 9-2012 through 8-2013. The case is rolled into 10-2012 and closed effective 9-30-2012.

Example 2: The inmate in the above example re-enters the hospital on 11-30-2012 and is discharged on 12-2-2012. An **ES-3100.1a** is received on 12-5-2012 requesting coverage for this new event. Since this is within the 12 month eligibility period, the supplemental form is accepted and a new **ES-3100.1** application is not required. If eligible, coverage for 11-2012 and 12-2012 is approved. The case is rolled into 1-2013 and closed effective 12-31-2012.

Example 3: The inmate in the above examples re-enters the hospital on 9-19-2013 and is discharged on 9-22-2013. Since this is outside of the previously established 12 month eligibility period, a new **ES-3100.1** application is required. If approved for 9-2013, the case would be rolled into 10-2013 and closed effective 9-30-2013. A new 12 month eligibility period would be established commencing 9-2013 and ending 8-2014.

- d. Inmate Indicator** – Several new Special Medical Indicator (SMI) codes on the KAECSES PICK screen have been created to track these applications/individuals for eligibility, payment, and reporting purposes. The codes shall be entered for eligible months only, and removed for all others. It is critical that these codes be entered to ensure the proper coverage plan is assigned. The new codes are:

IA (Inmate – Adult) – This code shall be used for all qualifying aged (65 or older), blind, or

disabled (including presumptive) adults (over the age of 18) in KDOC custody under the MS program (with or without a spenddown).

IW (Inmate – Pregnant Woman) – This code shall be used for all qualifying pregnant women (over the age of 18) in KDOC custody under the MP (Title 19) or MA programs.

IC (Inmate – Child) – This code shall be used for all qualifying children (under the age of 19) in KDOC custody under the MP (Title 19) or MA programs.

JA (JJA – Adult) – This code shall be used for all qualifying blind or disabled (including presumptive) adults (over the age of 18) in JJA custody under the MS program (with or without a spenddown).

JW (JJA – Pregnant Woman) – This code shall be used for all qualifying pregnant women (over the age of 18) in JJA custody under the MP (Title 19) or MA programs.

JC (JJA - Child) – This code shall be used for all qualifying children (under the age of 19) in JJA custody under the MP (Title 19) or MA programs.

The following chart reflects the new Special Medical Indicator (SMI) codes assigned to each medical program:

| Program | SMI Code | Type of Recipient | Facility |
|----------------|-----------------|-----------------------------------|-----------------|
| MA | IC | Child (under 19 years old) | KDOC |
| | IW | Pregnant Woman | KDOC |
| | JC | Child (under 19 years old) | JJA |
| | JW | Pregnant Woman | JJA |
| MP | IC | Child (under 19 years old) | KDOC |
| | IW | Pregnant Woman | KDOC |
| | JC | Child (under 19 years old) | JJA |
| | JW | Pregnant Woman | JJA |
| MS | IA | Adult (over 18 years old) | KDOC |
| | JA | Adult (over 18 years old) | JJA |

- e. **Disability Determination** – Corrections staff will be responsible for completing and including the **ES-3903** (Presumptive Medical Disability Determination Questionnaire) form with the initial application for all inmates requiring a disability determination.
- i. **PMDT** – The normal PMDD process is required for this population. Once received by KDHE-DHCF, the **ES-3903** as well as the **ES-3901** (Presumptive Medical Disability Team Referral) shall be forwarded to the Presumptive Medical Disability Team (PMDT) for review. Even though SSA will not make a disability determination as indicated in subsection (ii) below, these cases are not to be referred to Disability Determination Services (DDS) for evaluation.

A special e-mail account has been established for sending the forms and related material for this inmate population to the PMDT for processing: PMDTKDOC.PMDTKDOC@kdheks.gov.

Since state funded MediKan is not available to this group, only Tier I referrals/determinations will be completed. A disability determination by the PMDT is valid for 12 months (unless otherwise indicated).

ii. SSA/SSI Application – An inmate of a correctional facility is not eligible to receive Social Security (SSA) or Supplemental Security Income (SSI) benefits. Therefore, pursuit of these benefits is not an eligibility requirement for this population.

iii. Budgeting – An inmate eligible under the Medically Needy (MN) program, as indicated in (3)(b) above, shall be budgeted using the current process for individuals determined disabled via PMDT – coded on the KAECSES PRDD screen as SI (meets SSI eligibility criteria) with a one month base period, or SD (spenddown – income in excess of the SSI limit) with a six month base period.

f. Custody Transition – The following rules apply to situations where the individual is either being taken into custody and has existing medical coverage or is being released from custody and requests medical coverage.

i. Enter into Custody – In the event an inmate has been taken into custody with existing medical coverage and a qualifying event occurs, the following provisions apply:

a. The existing medical coverage should be closed (if not already) following existing policy due to incarceration.

b. If the inmate already has existing coverage for the month of the qualifying event, no action is necessary under this program because the inpatient hospital stay will be billed under the existing coverage. If the coverage ends before the month of the qualifying event, the provisions contained in this policy apply.

Example 1: An individual with SI medical coverage is taken into custody on 10-6-2012. The SI medical case is closed effective 10-31-2012 due to incarceration. The inmate has a qualifying event with dates of service 10-21-2012 through 10-24-2012. Since the inmate already has existing medical coverage for the dates of service, the inpatient hospital stay (and any other medical services provided in that month) shall be billed against the existing coverage.

Example 2: An individual with MP medical coverage is taken into custody on 11-10-2012. The MP medical case is closed effective 11-30-2012 due to incarceration. The inmate has a qualifying event with dates of services 12-3-2012 through 12-7-2012. Since there is no existing medical coverage for 12-2012, coverage for the qualifying event would be processed under this inmate inpatient hospital policy.

Note: An individual with Medically Needy (MN) spenddown coverage when taken into custody will require the special PICK coding indicated in subsection (d) above, if the qualifying event occurs within an existing base period.

ii. Release From Custody – In the event an inmate has been released from custody, has an existing approved qualifying event in the month of release, and reapplies for medical assistance for that same month, the existing case must be modified. The following may occur:

- a. If approved for assistance, the Special Medical Indicator (SMI) code on the PICK screen must be removed and the month reauthorized to send the new eligibility record to iCMMIS. This will allow coverage for services in that month other than those previously restricted to inpatient hospital services.
- b. It may be necessary to manipulate the existing review period to ensure that the new 12 month eligibility review period properly aligns with the new medical coverage approval.

4. Coverage Type – Since the purpose of this policy is to allow the state to access Medicaid funding for this population, coverage will be limited to the Medicaid programs. Therefore, the strictly state funded MediKan coverage is not available to this group. Inmates may be approved under any of the following categories:

- a. **Children** – Children and young adults under the age of 19 shall have eligibility determined under the MP (Title 19) or MA programs. Since eligibility shall not be determined until the inmate has been discharged from the hospital, coverage under the MP (Title 21) program is not available.
- b. **Adults** – Adults over the age of 18 shall have eligibility determined under the MS (Medically Needy) program. For inmates under the age of 65 who meet the disability criteria, countable income will determine the base period and PRDD coding type for this group. See subsection (3)(e)(iii) above.
- c. **Pregnant Women** – Pregnant women shall have eligibility determined under the MP (Title 19) or MA programs.

Note: Due to the limited coverage package for this special population, qualifying inmates are not subject to managed care. The covered inpatient hospital services will be paid for under the fee for service plan.

5. Third Party Liability (TPL) – It is anticipated that most inmates will have no health insurance coverage. However, any health insurance coverage reported by the inmate shall be referred to the medical billing agent, HP Enterprise Services, for notation in iCMMIS as TPL.

- a. **Medicare** – Medicare coverage does not automatically cease due to incarceration of the individual. Inmates who had Medicare coverage at the time they were committed to the correctional facility may still have that coverage. Medicare Part A would normally continue if there is no premium. However, Part B coverage will remain in effect only if the inmate continues to pay the premium.

Medicare will only cover services provided to an inmate of a correctional facility if state or local law requires the inmate to repay the cost of services received while in custody and the state or local entity enforces the requirement to repay by billing the inmate and pursuing collection. Currently there is no such repayment requirement in Kansas. Therefore, Medicare will not cover the inpatient hospital services addressed in this policy.

- i. **Part A Coverage** – As indicated above, Medicare Part A coverage may continue for an inmate who had coverage prior to incarceration. Even though Medicare will not cover the inpatient hospital services addressed in this policy, it still must be reported by the inmate and referred to iCMMIS as TPL by eligibility staff.

ii. Part B Coverage – Normally, enrollment in Medicare Part B for eligible individuals is an eligibility requirement. However, since the agency will not pay for the premium as indicated in (iii) and (iv) below, the inmate is not required to either apply for or maintain Part B coverage for Medicaid purposes. Even though Part B will not cover any medical services provided for an incarcerated individual, it also must be reported and referred to iCMMIS as TPL.

iii. Medicare Savings Programs (MSP) – Eligibility for the Medicare Savings Programs (QMB, LMB, Expanded LMB) shall not be determined for this population. The intent of this policy is to only provide basic Medicaid coverage to eligible inmates.

iv. Buy-in – Due to the limited nature of the coverage plan for this population, the state will not assume responsibility for the Medicare Part B premium through the normal buy-in process. If the inmate is maintaining Part B coverage by paying the premium, the expense may be allowed against a Medically Needy (MN) spenddown.

b. Other Health Insurance – The inmate is responsible for reporting any other active health insurance, which shall also be referred to iCMMIS as TPL. Past experience indicates that private insurance, just like Medicare, may not cover an individual while incarcerated. However, since potential coverage exists, all other health insurance will be billed before the Medicaid claim is adjudicated.

c. KDOC/JJA Responsibility – KDOC/JJA will be responsible through their medical services contractor, Correct Care Solutions (CCS), for any non-covered expenses, including any cost sharing amounts attributed to the qualifying inmate (such as spenddown amount and/or co-payments).

6. Medical Card – No medical card will be issued for inmates qualifying under this policy. If approved for coverage, the medical ID number will be included on the approval notice with instruction to present the notice to the medical provider for billing.

7. New Notices – The following new KAECSES notices have been created specifically for inmates applying under this new policy.

a. V501 – Inmate Inpatient Hospital Approval – This notice shall be used for all approvals (including additional qualifying events within the 12 month eligibility period) regardless of the actual program under which the application was processed..

b. V502 – Inmate Inpatient Hospital Denial – This notice shall be used for all denials (including additional qualifying events within the 12 month eligibility period) regardless of the actual program under which the application was processed.

c. V503 – Inmate Inpatient Hospital Approval – Spenddown – This notice shall only be used for approvals with an unmet spenddown.

Copies of these notices are attached.

8. New Form – A new form, **ES-3100.1a** (Qualifying Event), has been created specifically for this population and shall be attached to the initial application and used in lieu of a new application any time

an additional qualifying event occurs during an established 12 month eligibility period.

A copy of the form is attached.

C. State Correctional Facilities – Inmates in the following state correctional facilities are affected by this policy:

1. Kansas Department of Corrections (KDOC) – Correctional facilities managed by the Kansas Department of Corrections include:

El Dorado Correctional Facility (Reception and Diagnostic Unit, Central Unit, North Unit, East Unit in Toronto)

Ellsworth Correctional Facility

Hutchinson Correctional Facility (Central Unit, East Unit, South Unit)

Lansing Correctional Facility (Central Unit, East Unit, Osawatomie Unit)

Larned Correctional Mental Health Facility (Central Unit, West Unit)

Norton Correctional Facility (Central Unit, Stockton Unit)

Topeka Correctional Facility

Winfield Correctional Facility

2. Kansas Juvenile Justice Authority (JJA) – Correctional facilities managed by the Kansas Juvenile Justice Authority include:

Larned Juvenile Correctional Facility

Kansas Juvenile Correctional Complex East (Male) – Topeka

Kansas Juvenile Correctional complex West (Female) – Topeka

A facility index is attached.

If you have any questions or concerns about the information in this memo, please contact:

Tim Schroeder, KDHE-DHCF Elderly & Disabled Medical Eligibility Policy Manager, at (785) 296-1144 or TSchroeder@kdheks.gov, or

Allison Miller, KDHE-DHCF Family Medical Eligibility Policy Manager, at (785) 291-3881 or AMiller@kdheks.gov.